Delaware River Basin Commission

Proposed Fee Changes for Sustainable Funding

Informational Meeting

June 15, 2016

Delaware River Basin Commission

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Summary of Proposed Changes

- **For wastewater discharge project review fees --** elimination of fees for projects that are subject to a coordinated review under the One Process/One Permit Program.
- **For water withdrawal project review fees –** (1) restructuring of fees based upon monthly water allocation limits where DRBC continues to act as the lead review agency; and (2) elimination of fees for renewals subject to a coordinated review under the One Process/One Permit Program.
- **No changes to project review fees for "Other Projects"** that are neither water withdrawals nor wastewater discharges.
- The addition of **an annual monitoring and coordination fee** for all eligible water withdrawal and wastewater discharge projects subject to DRBC review and approval, including those permits issued under the One Process/One Permit Program.
- **An annual, indexed inflation adjustment for most fees and charges, including water supply charges.**

Why?

- Funding needs to be stable, sustainable and right-sized to support the costs associated with implementing the project review program. It is not.
- About $539,000 is needed on an annual basis from these changes to stabilized the budget.
- Better alignment of fee structures with One Process/One Permit programs.

Agenda

- DRBC Water Resource Management
- DRBC Funding
- Fee Proposals
- Benchmarks (Water)
- Impacts
- Water Supply Charges
- Benchmarks
- Key Dates
- Q and A

Delaware River Basin Commission

Managing our shared Basin water resources.

Built on a shared and foundational commitment in the ***Delaware River Basin Compact*** to:

- Manage complex interstate water resource systems and needs.
- Collaborate with members on shared waters management issues – from headwaters to the Ocean.
- Adapt to achieve mission results.
- Partner to achieve for the Basin, what individual members cannot achieve alone.

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Water Quantity
Reliable supply, fair allocation, efficient use

Water resource management examples:

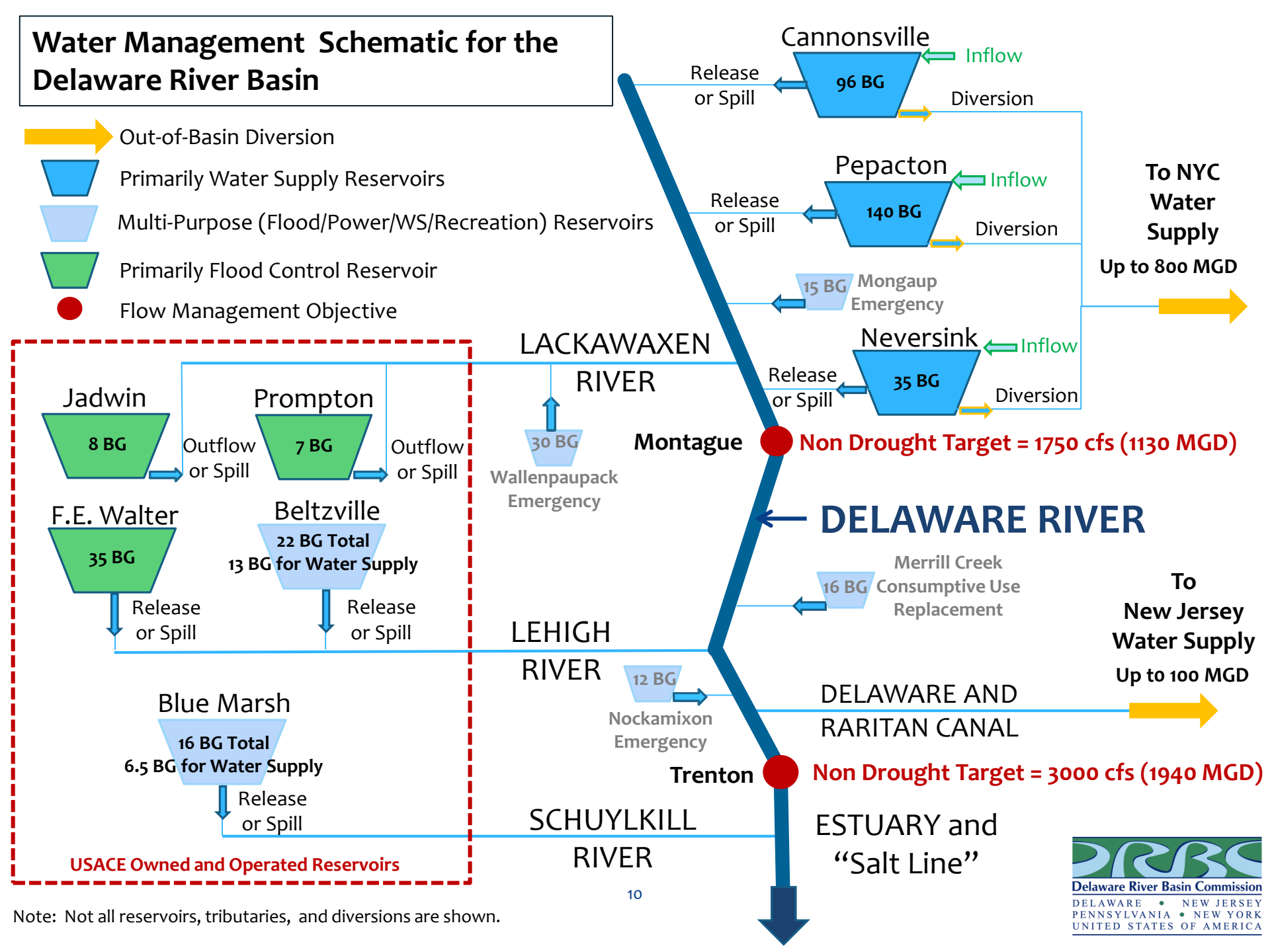
- 1960's: New drought of record leading to - **Good Faith Agreement**; DRBC Water Code; FFMP - Management not litigation.
- 1970's: Construction of **Blue Marsh and Beltzville Reservoirs** and management of releases and lower basin flows since then. Sustainable fresh water for Philadelphia. Management of salinity in the Estuary.
- 1980's: DRBC water conservation programs; required construction of **Merrill Creek reservoir** as make up water for power generators; **Southeast PA groundwater protection area management**.
- 2000's Flood mitigation task force. **Water audit leadership**.
- Future: Climate change (new drought of record?); salinity control; optimization of reservoir management; water efficiency; water/ energy nexus.


Photo: Nicholas A. Tonelli

http://www.rentphilly.com/wp-content/uploads/2014/11/pennslanding_waterfront.jpg

Delaware River @ Trenton
1960's drought

Water Management Schematic for the Delaware River Basin



Note: Not all reservoirs, tributaries, and diversions are shown.

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Water Supply/Quantity

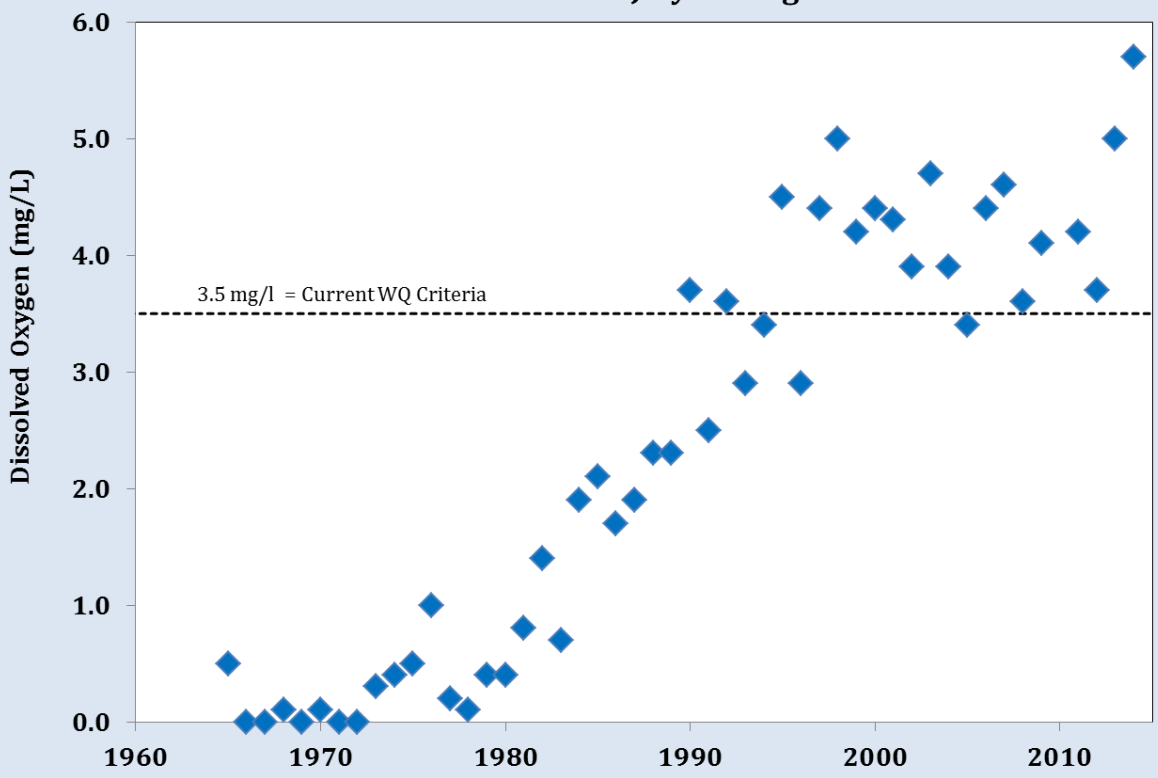
Into the future:

- Water needs, climate, public values, knowledge, enabling technology are all dynamic and evolving.
- Interstate waters have inherent complex conflicts that need to be **constantly managed**.
- A "decree" apportionment is static and cannot effectively balance and adapt to changing needs: floods, fisheries, demands, climate, etc.
- DRBC provides adaptive science/engineering based management to: plan, regulate, collaborate, conduct research, and convene stakeholders – **with our signatory partners.**

Water Quality - A "dead" river zone restored… and more

Water resource management examples:

- **Dissolved Oxygen** – 30 mile "dead zone" near Philadelphia pre-DRBC
- ✓ Pre Clean Water Act WQ Standards
- ✓ CWA and Treatment @ POTWs
- ✓ Delaware River Criteria set in 1967 surpassed
- ✓ American Shad returning
- ✓ Atlantic Sturgeon spawning
- ✓ Designated use in the Estuary needs to be revisited



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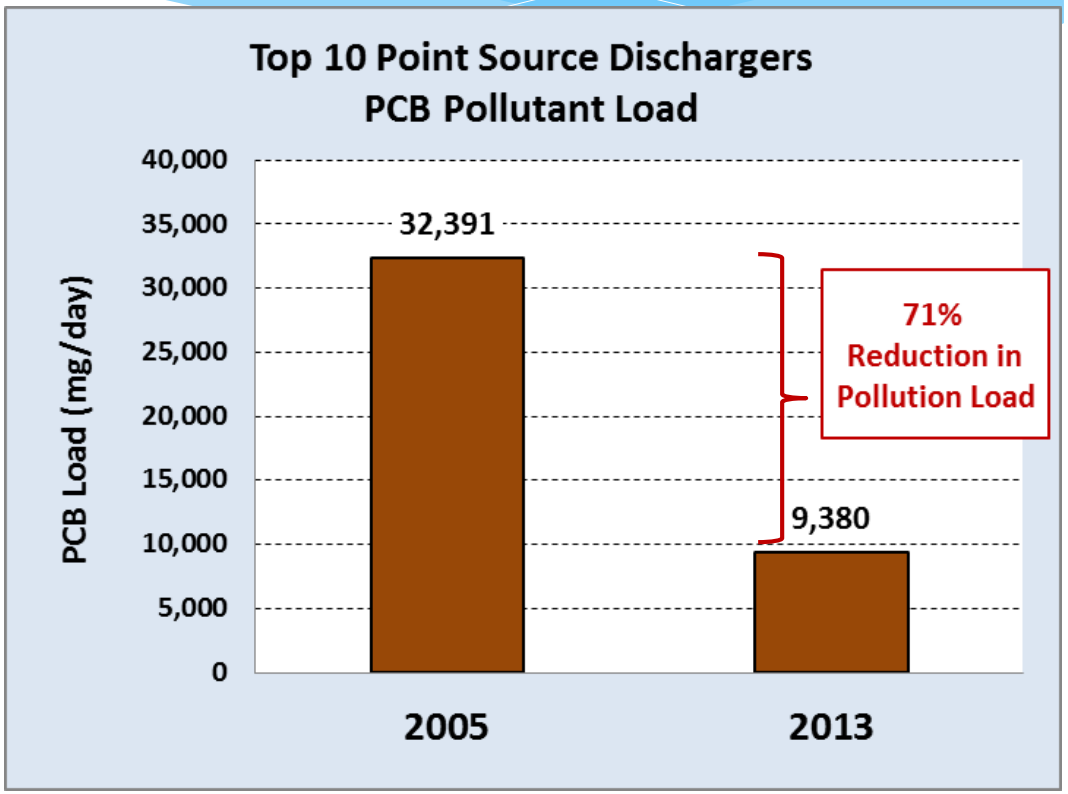
Water Quality

Reducing PCB loadings through collaboration, not litigation

Water resource management examples:

- **Legacy Pollutants – PCBs**
  - ✓ DRBC TMDL in 2003
  - ✓ Pollution minimization plans in 2005
  - ✓ Stakeholder process and stakeholder approval
  - ✓ 10 largest point sources reduced by over 70%
  - ✓ Nationally recognized program



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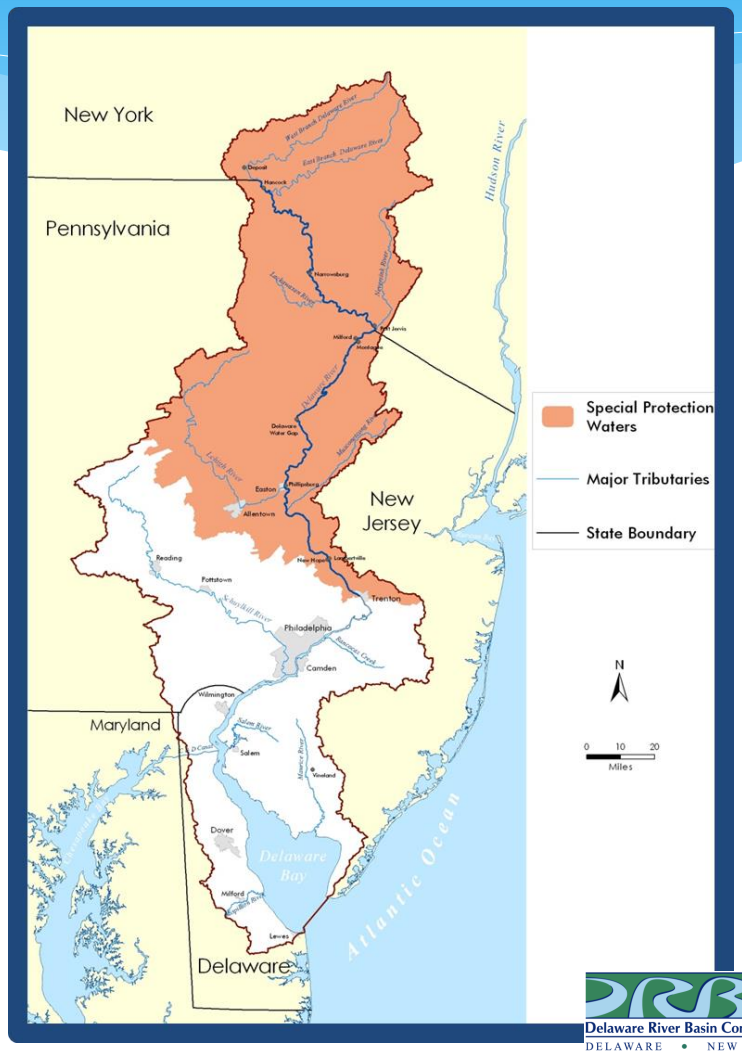
Water Quality
Keeping Clean Waters Clean

Water resource management examples:

- **Special Protection Waters**
  - ✓ Entire basin upstream from Trenton – 197 river miles.
  - ✓ Believe to be the longest anti-degradation reach in the US



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Water Quality

Into the future:

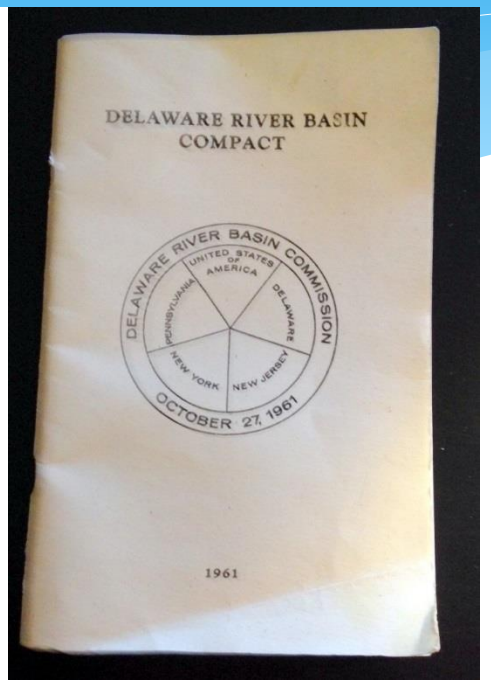
- Shared and interstate waters generally need uniform criteria
- Pollutant loads to an interstate waterway must be allocated fairly among dischargers in different states.
- DRBC can and will: gather key data; obtain expert input; convene stakeholders; perform complex WQ modeling; allocate loads fairly.
- Measurable improvements and protections have been and can be achieved by members' joint action through the DRBC, and aligned efforts and commitment of our partners.

One Process One Permit

- DRBC Compact and Rules allow for and encourage the use of administrative agreements with states and state agencies to:
  - ✓ Promote inter-agency collaboration and cooperation on shared mission objectives.
  - ✓ Promote regulatory program efficiencies.
  - ✓ Avoid unnecessary duplication of effort.
  - ✓ Recognizes the Authority, standards, rules of each agency

DRB Compact Basic "Charges"

- ***From the Compact Preamble:***
- a **Comprehensive Plan** administered by a basin wide agency will provide
  - ✓ flood damage reduction;
  - ✓ conservation and development of ground and surface water supply…;
  - ✓ development of recreational facilities;
  - ✓ propagation of fish and game;
  - ✓ promotion of related…watershed projects;
  - ✓ protection to fisheries…;
  - ✓ development of hydroelectric power;
  - ✓ control of movement salt water;
  - ✓ abatement and control of stream pollution;
  - ✓ **and regulation towards the attainment of these goals.**



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Two Primary Funds

General Fund (GF)

- Routine Operations of DRBC

Water Supply Storage Fund (WSSF)

- Supports water supply storage facilities
- Sustainable water supply

Funding Sources

General Fund

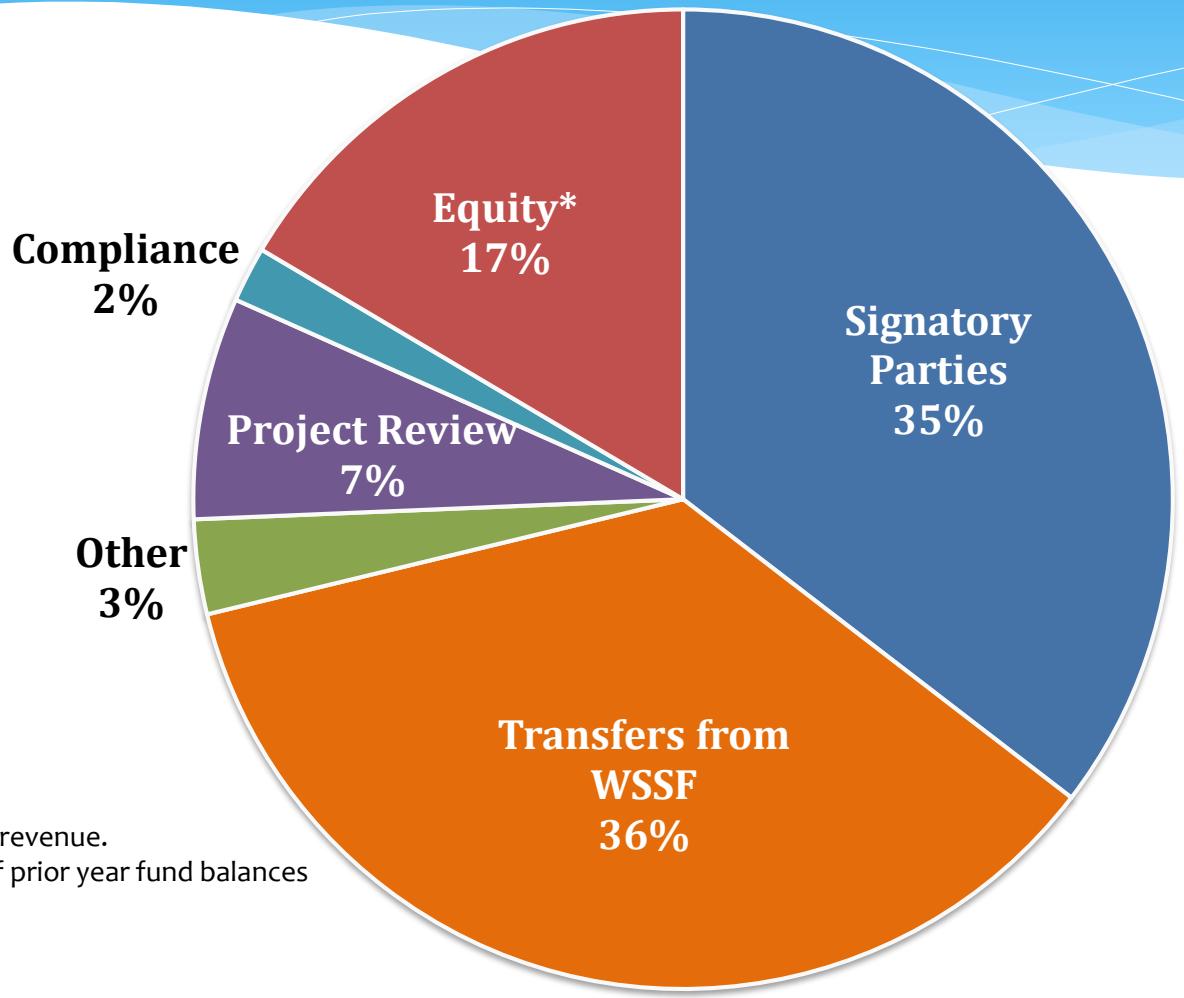
- Signatory Party Contributions
- Regulatory Program (Project Review) Fees
- Compliance and enforcement
- Transfers from WSSF
- Other restricted (grants, special funding, etc.)

Water Supply Storage Fund

- Water Use Charges
- Investments

Funding needs to be stable, sustainable, and "right sized"

FY2015 General Fund Revenues



*Note: Equity is not revenue.
Equity reflects use of prior year fund balances

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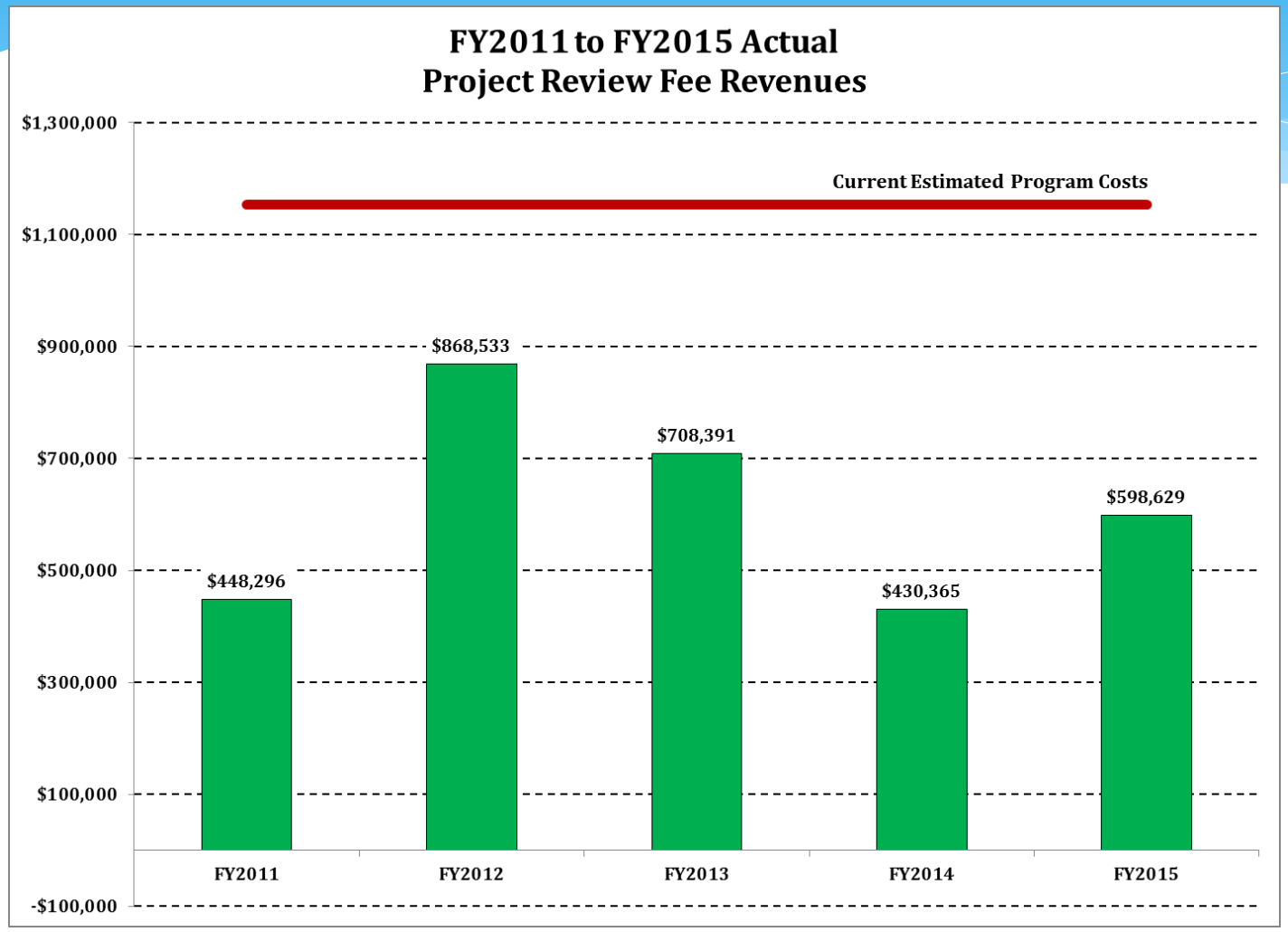
Project Review Fees and Revenues FY2011 to FY2015



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General Fund Expenses

	Actual Expenses ($million) except FY 2016 (*projected)											Change	Annual
	FY2006	*FY2007*	*FY2008*	*FY2009*	*FY2010*	*FY2011*	*FY2012*	*FY2013*	*FY2014*	*FY2015*	*FY2016**	06 to 16	Rate of Change
Personal Services	2.01	2.54	2.39	2.42	2.54	2.78	2.82	2.59	2.46	2.46	2.53	26.0%	2.1%
Fringe Benefits	0.65	0.83	0.86	0.91	1.26	1.47	1.48	1.47	1.40	1.45	1.47	126.6%	7.7%
Special and Contractual Services	0.54	0.63	0.15	0.23	0.23	0.34	0.34	0.23	0.20	0.14	0.18	-67.3%	-9.7%
Other Services	0.14	0.15	0.15	0.14	0.13	0.17	0.14	0.14	0.15	0.17	0.17	21.3%	1.8%
Supplies and Materials	0.06	0.05	0.06	0.06	0.05	0.04	0.04	0.05	0.05	0.03	0.04	-20.9%	-2.1%
Building Expenses	0.20	0.17	0.21	0.21	0.19	0.18	0.19	0.16	0.20	0.20	0.21	6.5%	0.6%
Communications	0.04	0.05	0.04	0.04	0.03	0.02	0.02	0.02	0.03	0.02	0.02	-43.5%	-5.1%
Travel	0.03	0.05	0.05	0.04	0.04	0.06	0.04	0.03	0.06	0.06	0.06	75.3%	5.2%
Maintenance and Acquisition	0.17	0.17	0.15	0.16	0.09	0.08	0.13	0.07	0.08	0.10	0.16	-3.7%	-0.3%
Transfers Out to Special Projects	0.94	0.29	0.63	0.48	0.45	0.30	0.35	0.24	0.55	0.27	0.61	-35.1%	-3.9%
Total Expenses	**4.76**	**4.93**	**4.67**	**4.67**	**5.02**	**5.43**	**5.56**	**5.00**	**5.17**	**4.90**	**5.44**	**14.4%**	**1.2%**
FTEs	**44.00**	**44.00**	**43.00**	**45.00**	**47.00**	**48.00**	**42.00**	**41.00**	**38.60**	**38.60**	**38.60**	**-12.3%**	**-1.2%**
CPI - Philadelphia (December)	**211.60**	**219.02**	**218.19**	**224.80**	**228.02**	**234.31**	**238.49**	**241.38**	**242.91**	**242.36**	**243.14**	**14.9%**	**1.3%**

General Fund Gaps and Conclusions

Overall	The estimated budget does not support the resources needed to carry out the mission of the organization in FY2016 and beyond.
Water Supply Storage Fund (WSSF)	Transfers from the WSSF are fair and appropriate. As such they are expected to remain stable, and not be a source of significant additional General Fund revenues.
Project Review Fees	**Project review fees do not support the full cost of the regulatory program.**
Compliance	Compliance revenues are expected to phase out.
Grants	Grants are inherently not sustainable.
"Transfers" from General Fund Equity	Not really a funding source. Just erosion of built up equity.

Docket Application Fees

Water Withdrawals	Project Review Fees	Maximum Fee
DRBC docket or protected area permit is needed, or project must be added to the Comprehensive Plan	$400 per mgm of allocation, not to exceed $15,000	Alternative Review Fee
OP /OP Coordinated Projects (w/ State Lead)	$0	

Wastewater Discharges	Project Review Fees		Maximum Fee	
	Private	Public	Private	Public
DRBC docket is needed, or project must be added to the Comprehensive Plan	$1,000	$500	Alternative Review Fee	
OP /OP Coordinated Projects (w/ State Lead)	$0	$0		

Other Projects	Fee	Maximum Fee
Projects other than withdrawals and discharges, that are subject to DRBC review and docket approval.	0.4% of Project costs up to $10,000,000, plus 0.12% of project costs above $10,000,000 (if applicable)	$75,000 or Alternative Review Fee, whichever is greater

Alternative Review Fee

- In instances where the Commission's activities and related costs associated with the review of an existing or proposed project are expected to involve **extraordinary time and expense,** an Alternative Review Fee equal to **the Commission's actual costs** may be imposed.

- Examples:
  - Detailed or complex modeling or technical review
  - Extensive or unique Public Process
  - Need for 3rd party resources
  - Court ordered activities

Annual Monitoring and Coordination Fees

Water Withdrawals	Annual Fee	Allocation
All State Permit or DRBC Docket Holders	$300	< 4.99 mgm
	$450	5.00 to 49.99 mgm
	$650	50.00 to 499.99 mgm
	$825	500.00 to 9,999.99 mgm
	$1,000	> or = to 10,000 mgm

Wastewater Discharges	Annual Fee	Design Discharge Capacity
All State Permit or DRBC Docket Holders	$300	< 0.05 mgd
	$610	0.05 to 1 mgd
	$820	1 to 10 mgd
	$1,000	>10 mgd

PA Water Fees Benchmarks versus SRBC

Groundwater Examples:

	1 MGD Capacity New Project Groundwater Withdrawal Public	1 MGD Capacity New Project Groundwater Withdrawal Private	0.5 mgd Renewal w/ Mod. Groundwater Withdrawal Public	0.5 mgd Renewal w/ Mod. Groundwater Withdrawal Private
SRBC Project Review	$13,482	$22,525	$11,249	$18,800
*SRBC Aquatic Resource Survey**	$4,700	$5,875	$4,700	$5,875
SRBC Pre-drill well site review	$1,820	$2,275	$0	$0
SRBC Aquifer Testing Plan	$3,832	$5,125	$0	$0
SRBC "Application Fees"	**$23,834**	**$35,800**	**$15,949**	**$24,675**
DRBC "Application Fees"	***$12,400***	***$12,400***	***$6,200***	***$6,200***

*May not be needed in all cases

SRBC Annual Monitoring Fee	**$1,050**	**$1,050**	**$1,050**	**$1,050**
DRBC Annual Monitoring Fee	***$450***	***$450***	***$450***	***$450***

PA Water Fees Benchmarks versus SRBC

Surface water Examples:

	8 MGD Capacity Renewal Surface Water Withdrawal Public	8 MGD Capacity Renewal Surface Water Withdrawal Private	0.3 MGD Capacity Renewal w/ Mod. Surface Water Withdrawal Public	0.3 MGD Capacity Renewal w/ Mod Surface Water Withdrawal Private
SRBC Project Review	$20,680	$25,850	$8,480	$10,600
*SRBC Aquatic Resource Survey**	$0	$0	$0	$0
SRBC Pre-drill well site review	NA	NA	NA	NA
SRBC Aquifer Testing Plan	NA	NA	NA	NA
SRBC "Application Fees"	**$20,680**	**$25,850**	**$8,480**	**$10,600**
DRBC "Application Fees"	***$15,000***	***$15,000***	***$3,720***	***$3,720***

*May not be needed in all cases

SRBC Annual Monitoring Fee	**$1,050**	**$1,050**	**$1,050**	**$1,050**
DRBC Annual Monitoring Fee	***$650***	***$650***	***$450***	***$450***

Annual Fee Impacts by Project Type -Water Withdrawals

Withdrawal Type	Proposed Annual Fees in PA				
	$1,000	$825	$650	$450	$300
Golf				42	13
Industrial		5	8	37	20
Nursery				1	5
Power	1	4	3	5	1
Bottled Water				5	1
Water Supply - Public	1	6	36	69	12
Water Supply - Private		3	27	42	22
Fish Hatchery				5	
Remediation				9	11
School				1	4
Ski			4	3	
Total	**2**	**18**	**74**	**219**	**89**
% of Total	**0%**	**4%**	**18%**	**54%**	**22%**

Withdrawal Type	Proposed Annual Fees in NJ				
	$1,000	$825	$650	$450	$300
Golf				35	7
Industrial		4	20	50	8
Nursery				3	3
Power	3	1	1	3	
Water Supply - Public		3	32	39	5
Water Supply - Private		2	13	19	8
Remediation		1	3	11	1
School				1	2
Total	**3**	**11**	**69**	**161**	**34**
% of Total	**1%**	**4%**	**25%**	**58%**	**12%**

Withdrawal Type	Proposed Annual Fee in NY				
	$1,000	$825	$650	$450	$300
Golf				2	
Industrial				3	
Water Supply - Public			1	13	2
Water Supply - Private				4	
Total	**0**	**0**	**1**	**22**	**2**
% of Total	**0%**	**0%**	**4%**	**88%**	**8%**

Withdrawal Type	Proposed Annual Fee in DE				
	$1,000	$825	$650	$450	$300
Golf				17	1
Industrial	1	2	3	20	1
Nursery			1	1	
Power	1		1	1	
Water Supply - Public		1	5	9	1
Water Supply - Private		2	4	11	2
Remediation				3	1
School				1	1
Total	**2**	**5**	**14**	**63**	**7**
% of Total	**2%**	**5%**	**15%**	**69%**	**8%**

Note: Does not include Agriculture, State or Federal Users = No Annual Fee

Annual Fee Impacts by Project Type - Wastewater Discharges

Discharge Type	Proposed Annual Fees in PA			
	$1,000	$820	$610	$300
Public	10	77	214	14
Private	8	43	297	44
Total	18	120	511	58
% of Total	3%	17%	72%	8%

Discharge Type	Proposed Annual Fees in NJ			
	$1,000	$820	$610	$300
Public	5	34	37	3
Private	8	16	50	5
Total	**13**	**50**	**87**	**8**
% of Total	8%	32%	55%	5%

Discharge Type	Proposed Annual Fees in NY			
	$1,000	$820	$610	$300
Public	0	8	24	6
Private	0	1	12	12
Total	**0**	**9**	**36**	**18**
% of Total	0%	14%	57%	29%

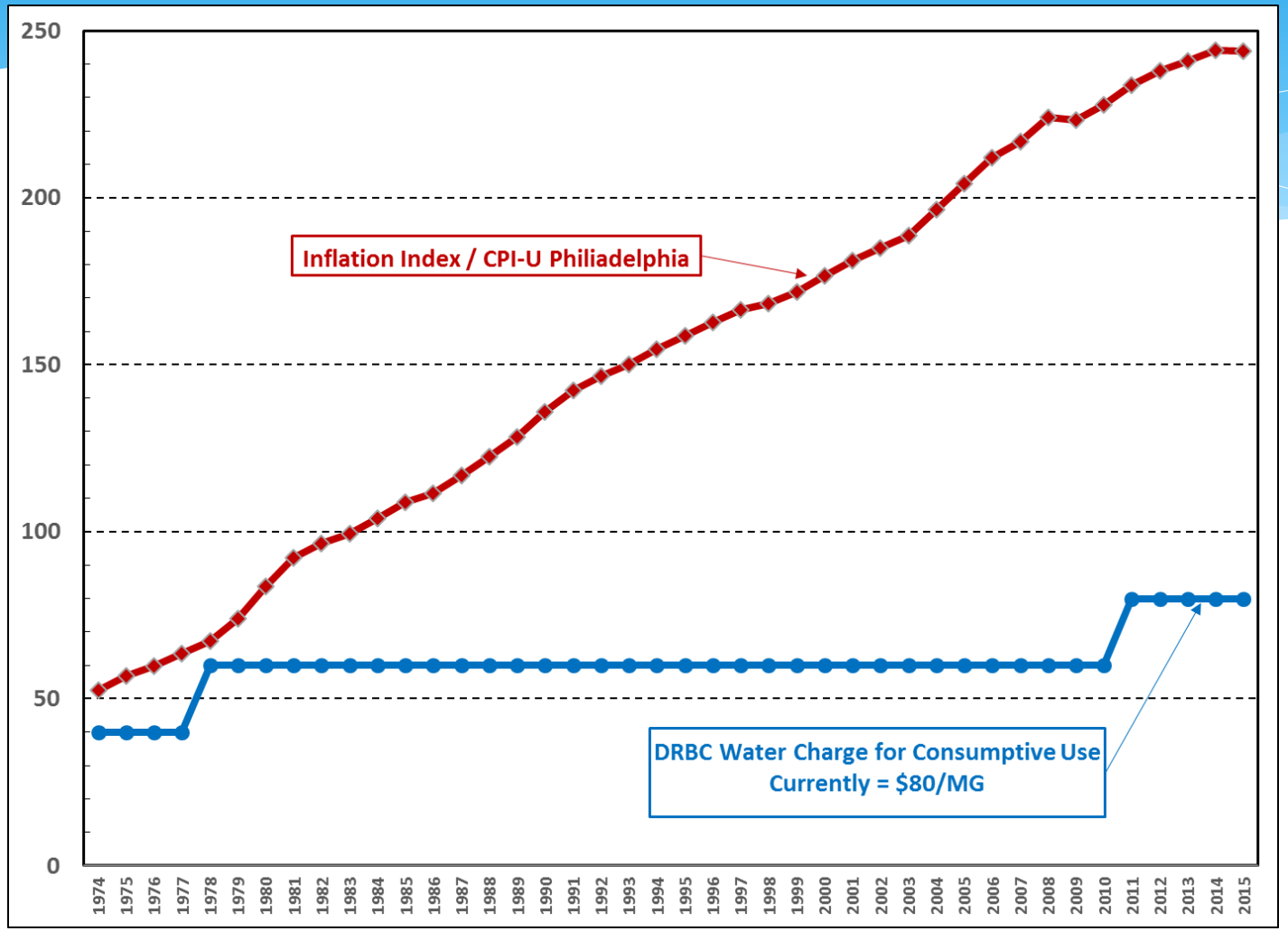
Discharge Type	Proposed Annual Fee in DE			
	$1,000	$820	$610	$300
Public	2	4	8	0
Private	1	6	15	0
Total	**3**	**10**	**23**	**0**
% of Total	8%	28%	64%	0%

Water Supply Storage Fund (WSSF)

- Supported by water use charges.
- To fund:
  - Debt service and O &M costs at Blue Marsh and Beltzville Reservoirs
  - Maintenance and future improvements at Blue Marsh and Beltzville Reservoirs
  - Future storage volume needs in the Basin (not all needs)
  - Share of water supply administration costs (Transfers to the General Fund).

	Current Water Use Rates	
Consumptive Use Rate	**$80/MG***	**$0.08/1000 gallons**
Non-consumptive Use Rate	**$0.80/MG***	**$0.0008/1000 gallons**
*** Published Rate is expressed in $/MG = $/million gallons**		

DRBC Water Charges for Consumptive Use Versus Inflation



USACE Reservoirs @ Blue Marsh and Beltzville 2013 O'Brien & Gere Study

Total Cost (In 2013 Dollars)	Estimated Repairs and Upgrade Costs Through 2044	Estimated Major Capital Replacement Costs
Blue Marsh Dam	$8,797,000	$10,000,000
Beltzville Dam	$9,427,000	$45,400,000

DRBC Share Cost (In 2013 Dollars)	Estimated Repairs and Upgrade Costs Through 2044	Estimated Major Capital Replacement Costs
Blue Marsh Dam	$2,234,000	$1,177,000
Beltzville Dam	$2,923,000	$14,065,000

Water Charges Benchmarks

Water Charges ($/1000 gallons)	Jul-11	Jul-12	Jul-13	Jul-14	Jul-15	Jul-16	Increase Since last DRBC Increase
DRBC (Consumptive Use)*	$0.08	$0.08	$0.08	$0.08	$0.08	$0.08	**0.0%**
SRBC (Consumptive Use)	$0.29	$0.30	$0.31	$0.32	$0.33	*$0.33*	**12.1%**
NJWSA (Raritan)	$0.23	$0.23	$0.23	$0.25	$0.25	*$0.25*	**8.7%**
NYC to Outside Municipal Users	$1.21	$1.33	$1.50	$1.57	$1.73	$1.75	**30.6%**
Inflation Factors							
CPI - Philadelphia	236.20	239.56	242.13	245.30	244.52	*245.30*	**3.7%**
USACE Civil Works Index	756.48	773.75	787.64	804.05	804.97	*805.59*	**6.1%**

* - Note DRBC Non-consumptive rate (not shown) = $0.0008/1000 gallons

Key Dates

- **July 27, 2016** - Public Hearing (1 p.m.) @ DRBC offices in West Trenton, NJ

- **August 12, 2016** - Close of Public Comment Period (5 p.m.)

FAQs and More Information

- http://www.nj.gov/drbc/library/documents/FAQ_fees-charges070716.pdf
- http://www.nj.gov/drbc/meetings/proposed/notice_fees.html
- Questions?